

BOYDEN-HULL COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITORS' REPORT

JUNE 30, 2008

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2008
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BOYDEN-HULL COMMUNITY SCHOOL DISTRICT

BOARD MEMBERS AND OFFICIALS

June 30, 2008

Board of Education (Before September 2007 Election)

<u>Name</u>		<u>Term Expires</u>
Mark Warntjes	President	September, 2009
Brenda Westra	Vice President	September, 2007
Joel Heitritter	Board Member	September, 2008
Douglas Beukelman	Board Member	September, 2009
Nancy Dykstra	Board Member	September, 2008

Board of Education (After September 2007 Election)

Mark Warntjes	President	September, 2009
Douglas Beukelman	Board Member	September, 2009
Nancy Dykstra	Board Member	September, 2008
Joel Heitritter	Board Member	September, 2008
Joy Hurst	Board Member	September, 2010

Officials

Steve Grond	Superintendent	June 30, 2008
Sue Huls	District Secretary/Treasurer/ Business Manager	June 30, 2008
John De Koster	Attorney	Indefinite



21 1st Avenue NW
P.O. Box 1010
Le Mars, IA 51031
Phone (712) 546-7801
Fax (712) 546-6543

INDEPENDENT AUDITORS' REPORT

To the Board of Education of
Boyden-Hull Community School District
Hull, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of Boyden-Hull Community School District as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Boyden-Hull Community School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of Boyden-Hull Community School District as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2009 on our consideration of the Boyden-Hull Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Boyden-Hull Community School District's basic financial statements. We previously audited the financial statements for the year ended June 30, 2007 (which are not presented herein) and expressed an unqualified opinion on those financial statements. The financial statements for the years ended June 30, 2006 and June 30, 2005 were audited by other auditors in accordance with the standards referred to in the second paragraph of this report and they expressed unqualified opinions on those financial statements. Other supplementary information, included in Schedules 1 through 8, are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Williams & Company, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Le Mars, Iowa
January 30, 2009

BOYDEN-HULL COMMUNITY SCHOOL DISTRICT MANAGEMENT DISCUSSION AND ANALYSIS

Boyden-Hull Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2008 FINANCIAL HIGHLIGHTS

General fund revenues increased from \$4,989,747 in fiscal 2007 to \$5,351,085 in fiscal 2008, while General fund expenditures increased from \$5,233,712 in fiscal 2007 to \$5,439,713 in fiscal 2008. The District's General fund balance decreased from \$408,440 in fiscal 2007 to \$319,812 in fiscal 2008, a 22% decrease.

The increase in General fund revenues was attributable to an increase in enrollment in the fall of 2006, thus increasing state aid, an increase in open-enrollment students into the district, an increase in the Family Literacy Grant the district receives through a local community college, and a substantial increase in teacher quality funding. The increase in expenditures was due primarily to an increase in negotiated salaries and benefits, rising fuel costs, and the distribution of the teacher quality allocation.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Boyden-Hull Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Boyden-Hull Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the non-major Special Revenue Funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1
GASB 34 Boyden-Hull Community School District Annual Financial Report

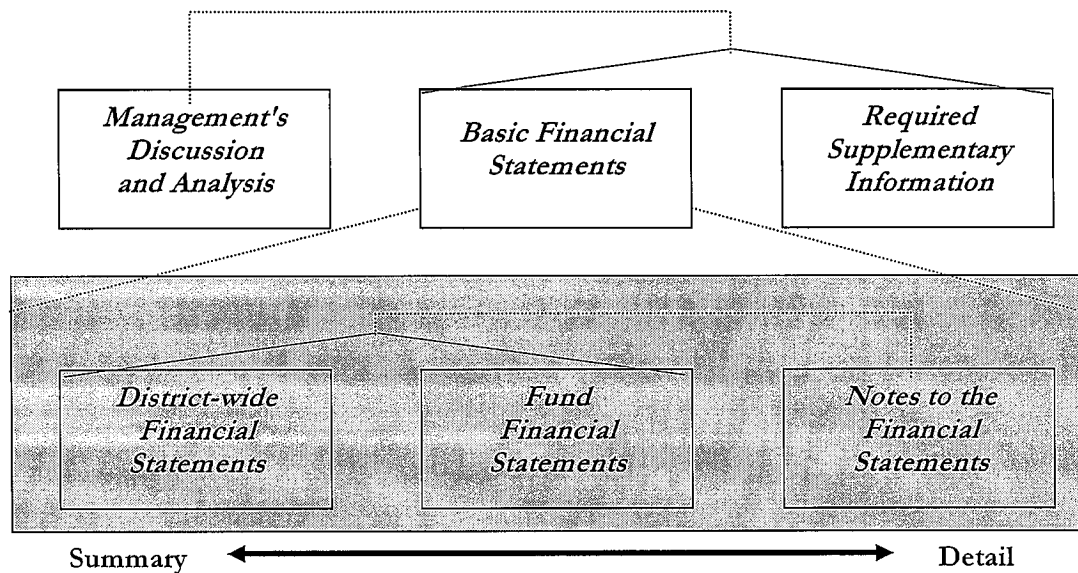


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2

Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities*: The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Project Funds.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

- 2) *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows.

- 3) *Fiduciary Funds*: The District is the trustee, or fiduciary, for assets that belong to others. The District's agency funds include the employee flex cafeteria plan and the employee pop money. The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes this activity from the government-wide statements because it cannot use these to finance its operations.

The required financial statements for fiduciary funds includes a statement fiduciary net assets and a statement of changes in fiduciary net assets.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2007 and 2008.

Figure A-3 Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total District		Total % Change
	2007	2008	2007	2008	2007	2008	
Current and other assets	\$4,519,397	\$3,463,253	\$ 14,854	\$ 2,337	\$ 4,534,251	\$3,465,590	-23.6%
Capital Assets	4,612,248	5,245,818	23,192	19,760	4,635,440	5,265,578	13.6%
Total Assets	9,131,645	8,709,071	38,046	22,097	9,169,691	8,731,168	-4.8%
Current Liabilities	2,383,371	2,131,417	27,232	4,172	2,418,286	2,135,589	-11.7%
Long-Term Liabilities	3,422,006	3,044,508	-	-	3,034,846	3,044,508	.4%
Total Liabilities	5,805,377	5,175,925	27,232	4,172	5,832,609	5,180,097	12.0%
Net Assets Invested in capital assets, net of related debt	1,312,248	2,237,043	23,192	19,760	1,335,440	2,256,803	-69.0%
Restricted	463,436	983,821	-	-	463,436	983,821	112.3%
Unrestricted	1,550,584	312,282	(12,378)	(1,835)	1,538,206	310,447	-79.9%
Total Net Assets	\$3,326,268	\$3,533,146	\$ 10,814	\$17,925	\$ 3,337,082	\$3,551,071	6.5%

The District's combined net assets increased by 6.5%, or approximately \$214,000 over the prior year. The governmental activities increased \$206,878 and the business-type activities increased \$7,111.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The District's restricted net assets increased over \$520,000 or approximately 112.0% from the prior year. The increase was primarily a result of the reclassification of Capital Projects – LOST assets pledged to satisfy debt covenants.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations

without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased approximately \$1.2 million or 80%. A large portion of the decrease was due to the reclassification of the Capital Projects – LOST assets from unrestricted in the current year to restricted as previously noted. The other large portion is due to issuing bonds in the Capital Projects – LOST fund in the current year, increasing unrestricted net assets in the prior year and the subsequent use of funds in FY2008.

Figure A-4 shows the change in net assets for the year ended June 30, 2007 and 2008.

Figure A-4 Changes in Net Assets from Operations

	Governmental Activities		Business-type Activities		Total District		Total %
	2007	2008	2007	2008	2007	2008	Change
Revenue							
Program Revenue:							
Charges for Services	\$ 468,055	\$536,642	\$ 149,473	\$166,053	\$ 617,528	\$ 702,695	13.8%
Operating Grants and Contributions	903,810	908,093	109,706	117,369	1,013,516	1,025,462	1.2%
General Revenues:							
Property Tax	1,892,638	1,951,563	-	-	1,892,638	1,951,563	3.2%
Instructional Support Surtax	133,096	140,126	-	-	133,096	140,126	5.3%
Local Option Sales Tax	379,272	322,572	-	-	379,272	322,572	-15.0%
Unrestricted State Grants	2,156,854	2,519,945	-	-	2,156,854	2,519,945	16.9%
Unrestricted Investment Earnings	100,681	71,821	65	56	100,746	71,877	-28.7%
Other	7,553	13,395	75	-	7,628	13,395	75.6%
TOTAL REVENUES	6,041,959	6,464,157	259,319	283,478	6,301,278	6,747,635	7.1%
Program Expenses:							
Instruction	3,867,224	4,027,830	-	-	3,867,224	4,027,830	4.2%
Support Services	1,427,691	1,559,821	-	-	1,427,691	1,559,821	9.3%
Non-instructions Programs	24,494	12,955	273,111	276,367	297,605	289,322	-2.8%
Other Expenses	481,315	577,308	-	-	481,315	577,308	20.0%
TOTAL EXPENSES	5,800,724	6,177,914	273,111	276,367	6,073,835	6,454,281	6.30%
Excess Before Transfers	241,235	286,243	(13,792)	7,111	227,443	293,354	32.0%
Transfers	(4,493)	-	4,493	-	-	-	-
Change in Net Assets	\$ 236,742	\$286,243	\$ (9,299)	\$ 7,111	\$ 227,443	\$293,354	32.0%

Property tax, instructional support surtax, local option sales tax, and unrestricted state grants account for 76.4% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 90% of the total expenses.

Governmental Activities

Figure A-5 presents the cost of four major district activities: instruction, support services, non-instructional programs and other expenses. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial impact placed on the taxpayers by each function.

Figure A-5 Net Cost of Governmental Activities

	Total Cost of Services		%	Net Cost of Services		%
	2007	2008	Change	2007	2008	Change
Instruction	\$ 3,867,224	\$4,027,830	4.1%	\$ 2,892,187	\$ 2,943,595	1.8%
Support Services	1,427,691	1,559,821	9.3%	1,288,467	1,496,027	16.1%
Non-Instructional	24,494	12,955	-47.1%	-	12,955	100.0%
Other	481,315	577,308	19.9%	248,205	280,602	13.1%
TOTAL	\$5,800,724	\$6,177,914	1.6%	\$4,428,859	\$ 4,733,179	6.9%

- The cost financed by users of the District's programs was \$536,642.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$908,093. This includes a Family Literacy Grant the district received through the Northwest Iowa Community College for \$10,751. The net cost of governmental activities was financed with \$2,414,261 in property and other taxes and \$2,519,945 in unrestricted state grants.

Business Type Activities

Revenues of the District's business type activity (school food and nutrition services) were \$283,478 and expenses were \$276,367. (Refer to Figure A-4). Revenues of this activity were comprised of charges for service, federal and state reimbursements and investment income. Revenues increased from \$259,319 in fiscal 2007 to \$283,478 in fiscal 2008, while expenses increased from \$273,111 in fiscal 2007 to \$276,367 in fiscal 2008. Increases were primarily due to ala carte sales, and an increase in breakfast and lunch prices implemented by the District.

INDIVIDUAL FUND ANALYSIS

As previously noted, Boyden-Hull Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,339,100, a decrease from last year's ending fund balances of \$2,078,251.

Governmental Fund Highlights

- The District's decline in General Fund financial position is the result of increased negotiated salaries and benefits
- The increase in the Debt Service fund balance is due to the sinking fund requirements related to the LOST revenue bonds issued in the current year.
- The Capital Project LOST fund balance decreased from \$1,145,710 in fiscal 2007 to \$454,599 in fiscal 2008. The large balance in 2007 was due to a 1 million dollar sales tax revenue bond issue for the elementary building project which was completed in 2008.

Proprietary Fund Highlights

The School Nutrition Fund net assets increased from \$10,814 at June 30, 2007 to \$17,925 at June 30, 2008. The increase was due primarily to ala carte sales and a rise in breakfast and lunch meal prices charged to students.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following a required public notice and hearing. The budget may be amended during the year utilizing statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. During the year, expenditures did not exceed the amount budgeted. Detail can be found in the required supplementary information section of this report as required.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2008, the District had invested \$8,335,187 in a broad range of assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices. (See Figure A-6) More detailed information about capital assets can be found in Note 6 to the financial statements. Total depreciation expense for the year was \$210,428.

The largest change in capital asset activity during the year occurred in the construction in progress category. The increase in the construction in progress reflects the costs associated with the elementary school addition and renovation project.

Figure A-6 Capital Assets

	Governmental Activities		Business-type Activities		Total District		Total % Change
	2007	2008	2007	2008	2007	2008	
Land	\$318,751	\$318,751	\$ -	\$ -	\$ 318,751	\$ 318,751	-
Constr. In Progress	585,767	1,274,433	-	-	585,767	1,274,433	117.5%
Buildings	4,654,143	4,712,826	-	-	4,654,143	4,712,826	1.2%
Improvements other than Buildings	574,273	574,273	-	-	574,273	574,273	-
Furniture and Equipment	1,388,482	1,384,375	71,075	70,529	1,459,557	1,384,375	5.4%
Total Assets	\$7,521,416	\$8,264,658	\$ 71,075	\$70,529	\$ 7,592,491	\$8,335,187	9.7%

Long-Term Debt

At year end, the District had \$2,155,000 in general obligation bonds outstanding, \$857,143 in LOST revenue bonds outstanding, \$24,835 in early retirement obligations and \$7,530 in compensated absences. This is a decrease of \$377,498 from the prior year. The decrease is largely due to the expiration of early retirement commitments and scheduled debt repayments. Additional information about the District's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- Boyden-Hull's enrollment for the past year showed an increase in students due to a large kindergarten class. The enrollment trend is indicative of Sioux County due to a favorable job climate. However, we anticipate that we will see a leveling of the enrollment over the next several years.
- There is considerable economic expansion in Sioux County as a whole. However, with the current economic conditions within the United States as a whole, this situation may change dramatically within the upcoming months. There are several commercial/industrial land acquisitions that are in the development stages in both communities. Several new businesses opened up this past year including Green Meadows Cheese Plant and Ozone Solutions. Between the two new companies, they will provide approximately 100 new jobs when they are at full operation.
- New housing developments have been added in both communities and both have over 50 percent of the lots sold. The two towns are also "bedroom" communities to Sioux Center and Orange City, as housing costs seem to be a bit lower.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Susan Huls, Business Manager and District Secretary, Boyden-Hull Community School District, 801 1st Street, Hull, Iowa 51239.

BOYDEN-HULL COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Governmental Activities	Business Type Activity	Total
ASSETS			
Cash and Pooled Investments	\$ 1,089,257	\$ 980	\$ 1,090,237
Investments	49,351	-	49,351
Receivables:			
Property Tax	20,100	-	20,100
Succeeding Year Property Tax	1,962,226	-	1,962,226
Accounts	6,079	221	6,300
Internal Balances	10,471	(10,471)	-
Due from Other Governments	193,345	-	193,345
Restricted Assets:			
Cash and Pooled Investments	86,726	-	86,726
Prepaid Expense	42,330	2,216	44,546
Inventories	-	9,391	9,391
Bond Issue Costs	3,368	-	3,368
Land	318,751	-	318,751
Construction in Progress	1,274,433	-	1,274,433
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	3,652,634	19,760	3,672,394
Total Assets	8,709,071	22,097	8,731,168
LIABILITIES			
Accounts Payable	157,598	-	157,598
Accrued Interest Payable	11,593	-	11,593
Unearned Revenue	-	4,172	4,172
Deferred Revenue - Succeeding Year Taxes	1,962,226	-	1,962,226
Noncurrent Liabilities:			
Due Within One Year:			
G.O. Bonds Payable	155,000	-	155,000
Revenue Bonds Payable	142,857	-	142,857
Early Retirement Payable	15,608	-	15,608
Accrued Compensated Absences	7,530	-	7,530
Due in More Than One Year:			
G.O. Bonds Payable	2,000,000	-	2,000,000
Revenue Bonds Payable	714,286	-	714,286
Early Retirement Payable	9,227	-	9,227
Total Liabilities	5,175,925	4,172	5,180,097
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	2,237,043	19,760	2,256,803
Restricted for:			
Debt Service	147,453	-	147,453
Management Levy	1,402	-	1,402
Physical Plant and Equipment Levy	167,293	-	167,293
Other Special Revenue Purposes	667,673	-	667,673
Unrestricted	312,282	(1,835)	310,447
Total Net Assets	\$ 3,533,146	\$ 17,925	\$ 3,551,071

See Accompanying Notes to Financial Statements

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants Contributions	Capital Grants Contributions
Governmental Activities:				
Instruction:				
Regular Instruction	\$ 2,536,166	\$ 312,001	\$ 375,785	\$ -
Special Instruction	932,062	68,552	163,006	-
Other Instruction	559,602	144,296	20,595	-
Support Services:				
Student Services	126,826	-	4,256	-
Instructional Staff Services	45,080	-	-	-
Administration Services	578,775	-	1,566	-
Operation and Maintenance	488,421	11,793	-	-
Transportation Services	320,719	-	46,179	-
Non-instructional Programs	12,955	-	-	-
Other Expenditures:				
Facilities Acquisition and Construction Services	185,686	-	56,297	-
Long-term Debt Interest	151,213	-	-	-
AEA Flowthrough	240,409	-	240,409	-
Total governmental activities	<u>6,177,914</u>	<u>536,642</u>	<u>908,093</u>	<u>-</u>
Business Type Activity:				
Non-instructional Programs				
Food Service Operations	<u>276,367</u>	<u>166,053</u>	<u>117,369</u>	<u>-</u>
Total	<u>\$ 6,454,281</u>	<u>\$ 702,695</u>	<u>\$ 1,025,462</u>	<u>\$ -</u>
General Revenues:				
Property Tax Levied For:				
General Purposes				
Debt Service				
Capital Outlay				
Instructional Support Surtax				
Local Option Sales Tax				
Unrestricted State Grants				
Unrestricted Investment Earnings				
Other				
Total general revenues				
Change in net assets				
Net Assets - Beginning				
Prior Period Adjustment				
Net Assets - Beginning of Year, Restated				
Net Assets - Ending				

See Accompanying Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business Type Activity	Total
\$ (1,848,380)		\$ (1,848,380)
(700,504)		(700,504)
(394,711)		(394,711)
(122,570)		(122,570)
(45,080)		(45,080)
(577,209)		(577,209)
(476,628)		(476,628)
(274,540)		(274,540)
(12,955)		(12,955)
(129,389)		(129,389)
(151,213)		(151,213)
-		-
<u>(4,733,179)</u>		<u>(4,733,179)</u>
-	\$ 7,055	7,055
<u>(4,733,179)</u>	<u>7,055</u>	<u>(4,726,124)</u>
1,598,591	-	1,598,591
251,814	-	251,814
101,158	-	101,158
140,126	-	140,126
322,572	-	322,572
2,519,945	-	2,519,945
71,821	56	71,877
13,395	-	13,395
<u>5,019,422</u>	<u>56</u>	<u>5,019,478</u>
286,243	7,111	293,354
3,326,268	10,814	3,337,082
(79,365)	-	(79,365)
<u>3,246,903</u>	<u>10,814</u>	<u>3,257,717</u>
<u>\$ 3,533,146</u>	<u>\$ 17,925</u>	<u>\$ 3,551,071</u>

See Accompanying Notes to Financial Statements

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008**

	General	Debt Service	Capital Projects LOST	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Pooled Investments	\$ 207,937	\$ 69,969	\$ 452,137	\$ 359,214	\$ 1,089,257
Investments	-	-	-	49,351	49,351
Receivables:					
Property Tax	15,566	2,351	-	2,183	20,100
Succeeding Year Property Tax	1,564,425	189,208	-	208,593	1,962,226
Accounts	5,973	-	-	106	6,079
Due from Other Funds	7,794	-	-	10,471	18,265
Due from Other Governments	134,846	-	58,499	-	193,345
Restricted Assets:					
Cash and Pooled Investments	-	86,726	-	-	86,726
Prepaid Expense	42,330	-	-	-	42,330
Total Assets	<u>1,978,871</u>	<u>348,254</u>	<u>510,636</u>	<u>629,918</u>	<u>3,467,679</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	94,634	-	56,037	6,927	157,598
Due to Other Funds	-	-	-	7,794	7,794
Early Retirement Payable	-	-	-	961	961
Deferred Revenue - Succeeding Year Property Taxes	1,564,425	189,208	-	208,593	1,962,226
Total Liabilities	<u>1,659,059</u>	<u>189,208</u>	<u>56,037</u>	<u>224,275</u>	<u>2,128,579</u>
Fund Balances:					
Reserved for:					
Debt Service	-	159,046	-	-	159,046
Prepaid Insurance	42,330	-	-	-	42,330
Unreserved for:					
General Fund	277,482	-	-	-	277,482
Special Revenue Fund	-	-	-	405,643	405,643
Capital Project Fund	-	-	454,599	-	454,599
Total Fund Balances	<u>319,812</u>	<u>159,046</u>	<u>454,599</u>	<u>405,643</u>	<u>1,339,100</u>
Total Liabilities and Equity	<u>\$ 1,978,871</u>	<u>\$ 348,254</u>	<u>\$ 510,636</u>	<u>\$ 629,918</u>	<u>\$ 3,467,679</u>

See Accompanying Notes to Financial Statements

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2008**

Amounts reported for Governmental Activities in the Statement of Net assets are different because:

Total Fund Balance - Governmental Funds (page 16)			\$ 1,339,100
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.			5,245,818
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.			(11,593)
Bond issue costs are reported in the governmental activities but are not reported in the governmental funds as they do not provide current economic resources.			3,368
Accrued compensated absences are not reported on the modified accrual basis.			(7,530)
Long-term liabilities, including bonds payable, lease obligations payable, and early retirement payable are not due and payable in the current period and therefore are not reported in the funds.			
	G.O. bonds payable	\$ (2,155,000)	
	Revenue bonds payable	(857,143)	
	Early Retirement	(23,874)	(3,036,017)
Total Net Assets - Governmental Activities (page 13)			<u>\$ 3,533,146</u>

BOYDEN-HULL COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	General	Debt Service	Capital Projects LOST	Other Governmental Funds	Total Governmental Funds
REVENUE:					
Local Sources:					
Local Tax	\$ 1,561,540	\$ 251,587	\$ 322,572	\$ 277,251	\$ 2,412,950
Tuition	294,823	-	-	-	294,823
Other	112,854	1,172	27,728	232,393	374,147
Intermediate Source	10,751	-	-	-	10,751
State Sources	3,151,273	227	-	142	3,151,642
Federal Sources	219,844	-	-	-	219,844
Total Revenue	5,351,085	252,986	350,300	509,786	6,464,157
EXPENDITURES:					
Current:					
Instruction:					
Regular Instruction	2,450,517	-	-	190,070	2,640,587
Special Instruction	932,062	-	-	-	932,062
Other Instruction	390,400	-	-	159,478	549,878
Support Services:					
Student Services	126,826	-	-	-	126,826
Instructional Staff Services	43,751	-	-	4,306	48,057
Administration Services	517,407	-	-	69,640	587,047
Operation and Maintenance	455,317	-	-	36,880	492,197
Transportation Services	270,069	-	-	37,291	307,360
Non-instructional Programs	12,955	-	-	-	12,955
Other Expenditures:					
Facilities Acquisition and Construction Services	-	-	612,066	222,195	834,261
Long-term Debt:					
Principal	-	287,857	-	-	287,857
Interest and Fiscal Charges	-	155,819	-	-	155,819
AEA Flowthrough	240,409	-	-	-	240,409
Total Expenditures	5,439,713	443,676	612,066	719,860	7,215,315
Excess (Deficiency) of Revenues Over Expenditures	(88,628)	(190,690)	(261,766)	(210,074)	(751,158)
Other Financing Sources (Uses):					
Transfers In	-	279,345	-	150,732	430,077
Transfers Out	-	-	(429,345)	(732)	(430,077)
Total Other Financing Sources (Uses)	-	279,345	(429,345)	150,000	-
Net Change in Fund Balances	(88,628)	88,655	(691,111)	(60,074)	(751,158)
Fund Balances - Beginning of Year	408,440	70,391	1,145,710	453,710	2,078,251
Prior Period Adjustment	-	-	-	12,007	12,007
Fund Balances - Beginning of Year, Restated	408,440	70,391	1,145,710	465,717	2,090,258
Fund Balances - End of Year	\$ 319,812	\$ 159,046	\$ 454,599	\$ 405,643	\$ 1,339,100

See Accompanying Notes to Financial Statements

BOYDEN-HULL COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (page 18)	\$	(751,158)
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Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlays exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 877,145		
Depreciation expense	<u>(207,405)</u>		669,740

Governmental funds report only the proceeds from the sale of capital assets as revenue whereas the statement of activities reports the gain or loss on the sale or disposal of fixed assets. This is the effect on the change in net assets on the statement of activities.		(12,338)
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Accrued interest expense that does not require current financial resources.		5,355
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Early retirement		87,383
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The effect of bond issuance costs when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities.		(749)
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Long-term accrual of compensated absences is not reported in the governmental funds as it does not consume current financial resources. The net change in in the long-term compensated absences for the year was:		153
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The repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. The principal paid on long-term debt during the current year was as follows:

G.O. bonds payable	145,000		
Revenue bonds payable	<u>142,857</u>		<u>287,857</u>

Change in net assets of governmental activities (page 15)	\$	<u><u>286,243</u></u>
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BOYDEN-HULL COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2008

	Business Type Activity
	School Nutrition Fund
ASSETS	
Current Assets:	
Cash and Pooled Investments	\$ 980
Accounts Receivable	221
Prepaid Insurance	2,216
Inventories	9,391
Total Current Assets	<u>12,808</u>
Noncurrent Assets:	
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	<u>19,760</u>
Total Noncurrent Assets	<u>19,760</u>
Total Assets	<u>32,568</u>
LIABILITIES	
Current Liabilities:	
Due to Other Funds	10,471
Unearned Revenue	4,172
Total Current Liabilities	<u>14,643</u>
Total Liabilities	<u>14,643</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	19,760
Unrestricted	(1,835)
Total Net Assets	<u>\$ 17,925</u>

BOYDEN-HULL COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Business Type Activity School Nutrition Fund</u>
Operating Revenues:	
Charges for services	\$ 166,053
Total Operating Revenue	<u>166,053</u>
Operating Expenses:	
Non-Instructional Programs:	
Food Service Operations:	
Salaries	80,884
Benefits	34,995
Purchased Services	4,641
Supplies	152,415
Depreciation	3,023
Loss on Disposal of Capital Assets	<u>409</u>
Total Operating Expenses	<u>276,367</u>
Operating (Loss)	<u>(110,314)</u>
Non-Operating Revenues :	
Interest Income	56
State Lunch Reimbursements	3,813
National School Lunch Program	98,784
Federal Food Commodities Received	<u>14,772</u>
Total Non-Operating Revenues	<u>117,425</u>
Change in net assets	7,111
Net Assets - Beginning	<u>10,814</u>
Net Assets - Ending	<u><u>\$ 17,925</u></u>

See Accompanying Notes to Financial Statements

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	Business Type Activity School Nutrition Fund
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 167,331
Cash paid to employees for services	(115,879)
Cash paid to suppliers for goods or services	(139,556)
Total cash (used) by operating activities	<u>(88,104)</u>
Cash flows from noncapital financing activities:	
State grants received	3,813
Federal grants received	98,784
Change in internal balances	(12,000)
Total cash provided by noncapital financing activities	<u>90,597</u>
Cash flows from investing activities:	
Interest on investments	<u>56</u>
Net increase in cash and cash equivalents	2,549
Cash and cash equivalents - beginning of year	<u>(1,569)</u>
Cash and cash equivalents - end of year	<u><u>\$ 980</u></u>
Reconciliation of operating (loss) to net cash used by operating activities:	
Operating (loss)	\$ (110,314)
Adjustments to reconcile net operating (loss) to net cash (used) by operating activities:	
Depreciation expense	3,023
Commodities used	14,772
Loss on disposal of capital assets	409
(Increase) decrease in assets and increase (decrease) in liabilities:	
Accounts Receivable	279
Inventories	4,963
Prepaid Insurance	(2,216)
Accounts Payable	(19)
Unearned Revenue	999
Net cash (used) by operating activities	<u><u>\$ (88,104)</u></u>
Non-cash investing, capital and financing activities:	
Federal food commodities received	<u><u>\$ 14,772</u></u>

See Accompanying Notes to Financial Statements

BOYDEN-HULL COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
June 30, 2008

ASSETS	
Cash and Pooled Investments	\$ 14,808
Accounts Receivable	<u>6,469</u>
Total Assets	<u>21,277</u>
LIABILITIES	
Due to Others	<u>21,277</u>
Total Liabilities	<u>21,277</u>
NET ASSETS	
Unrestricted	<u>-</u>
Total Net Assets	<u><u>\$ -</u></u>

See Accompanying Notes to Financial Statements

BOYDEN-HULL COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Boyden-Hull Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Hull and Boyden, Iowa, and the predominate agricultural territory in Sioux and Lyon Counties in Iowa. The district is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Government Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Boyden-Hull Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District.

In August 1997 the District established the Boyden-Hull Community School District Foundation by appointing a board of trustees to incorporate a foundation under the Iowa Non-Profit Corporation Act, Iowa Code Chapter 504A. The focus of the Foundation is exclusively for charitable, scientific, and educational purposes of the District. The financial activity of the Foundation is included in the financial statements of the Boyden-Hull Community School District as a blended component unit for the year ended June 30, 2008.

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Sioux and Lyon County Assessor's Conference Boards.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

BOYDEN-HULL COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's general long-term debt.

The Capital Projects LOST Fund is used to account for the collection of a 1% school local sales and services tax to be expended for school infrastructure purposes.

The District reports the following major proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Agency Funds are used to account for assets held by the District as an agent for individuals. The Agency Funds are custodial in nature, assets equal liabilities, and do not involve measurement of results of operations.

BOYDEN-HULL COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied. The effects of any internal activity has been eliminated on the government-wide statement of activities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year-end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the district.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

BOYDEN-HULL COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2007.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Restricted Assets – Certain resources set aside for debt repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants and they are maintained in separate bank accounts.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of \$1,000.

BOYDEN-HULL COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-20 years

Salaries and Benefits Payable – Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, were paid in June of 2008.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end, excluding grant receivables.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2008. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-Term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets – In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

BOYDEN-HULL COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

NOTE 2 – CASH AND POOLED INVESTMENTS

The District's deposits in banks at June 30, 2008 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2008, the District had investments in the Iowa Schools Joint Investment Trust, as follows:

	Amortized Cost
Diversified Portfolio	<u>\$ 49,351</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest rate risk. The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District.

Credit risk. The investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Service.

NOTE 3 – INTERFUND BALANCES

The detail of interfund receivables and payables at June 30, 2008 is as follows:

Fund Due To	Fund Due From	Amount	
General	Special Revenue – PPEL	\$ 7,794	*
Special Revenue – PPEL	School Nutrition	10,471	**
		<u>\$ 18,265</u>	

* The purpose of the interfund balance is to help finance the short-term cash shortage in the School Nutrition Fund.

** The School Nutrition Fund is repaying the Physical Plant and Equipment Levy Fund for purchasing equipment.

BOYDEN-HULL COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2008

NOTE 4 – INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2008 is as follows:

Transfer To	Transfer From	Amount
Gift & Trust	Student Activity	\$ 732
Special Revenue – PPEL	Capital Project – LOST	150,000
Debt Service	Capital Project – LOST	279,345
		<u>\$ 430,077</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

NOTE 5 – IOWA SCHOOL CASH ANTICIPATION PROGRAM (ISCAP)

The District participates in the Iowa School Cash Anticipation (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semi-annual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is the trustee for the program. The District did not participate in any issuances during this fiscal year.

BOYDEN-HULL COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2008

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 was as follows:

	Balance July 1, 2007	Additions	Deletions	Adjustments	Balance June 30, 2008
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 318,751	\$ -	\$ -	\$ -	\$ 318,751
Construction in Progress	585,767	688,666	-	-	1,274,433
Total capital assets not being depreciated	904,518	688,666	-	-	1,593,184
Capital assets being depreciated:					
Land Improvements	574,273	-	-	-	574,273
Buildings	578,465	-	-	-	578,465
Building Improvements	4,075,678	58,683	-	-	4,134,361
Furniture and equipment	737,615	103,217	25,478	(88,425)	726,929
Vehicles	650,867	26,579	20,000	-	657,446
Total capital assets being depreciated	6,616,898	188,479	45,478	(88,425)	6,671,474
Less: Accumulated Depreciation for:					
Land Improvements	451,892	6,835	-	-	458,726
Buildings	367,095	5,483	-	-	372,579
Building Improvements	1,199,081	84,745	-	-	1,283,827
Furniture and equipment	459,089	70,403	13,140	(64,593)	451,759
Vehicles	432,011	39,938	20,000	-	451,949
Total Accumulated Depreciation	2,909,168	207,405	33,140	(64,593)	3,018,840
Total capital assets being depreciated, net	3,707,730	(18,926)	(12,338)	(23,832)	3,652,634
Governmental activities capital assets, net	\$ 4,612,248	\$ 669,740	\$ (12,338)	\$ (23,832)	\$ 5,245,818

The adjustments were to remove assets which had been added in previous years in error as they were under the District's capitalization policy.

Construction in progress at June 30, 2008, for the governmental activities consisted of costs associated with the elementary school addition, the boiler replacement and greenhouse project.

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Business-type Activities:				
Furniture and equipment	\$ 71,075	\$ -	\$ 546	\$ 70,529
Less: Accumulated Depreciation	47,883	3,023	137	50,769
Business-type activities capital assets, net	\$ 23,192	\$ (3,023)	\$ (409)	\$ 19,760

Depreciation expense was charged to the functions as follows:

Governmental Activities:	
Regular Instruction	\$ 44,000
Other Instruction	9,724
Administration Services	2,236
Operation and Maintenance	14,443
Transportation Services	39,938
Facilities Acquisitions	97,064
Total depreciation expenses – governmental activities	\$ 207,405
Business-type activities:	
Food Service Operations	\$ 3,023

BOYDEN-HULL COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2008

NOTE 6 – CAPITAL ASSETS – (CONTINUED)

Reconciliation of Invested in Capital Assets:

	Governmental Activities	Business- Type Activities
Bond Issue Costs	\$ 3,368	\$ -
Land	318,751	-
Construction in Progress	1,274,433	-
Capital Assets (net of accumulated depreciation)	3,652,634	19,760
Less: Bonds Payable	3,012,143	-
Invested in Capital Assets, Net of Related Debt	<u>\$ 2,237,043</u>	<u>\$ 19,760</u>

NOTE 7 – LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2008 are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligations Bonds	\$ 2,300,000	\$ -	\$ 145,000	\$ 2,155,000	\$ 155,000
LOST Revenue Bonds	1,000,000	-	142,857	857,143	142,857
Early Retirement	114,323	-	89,488	24,835	15,608
Compensated Absences	7,683	13,535	13,688	7,530	7,530
Governmental Activities Long-Term Liabilities	<u>\$ 3,422,006</u>	<u>\$ 13,535</u>	<u>\$ 391,033</u>	<u>\$ 3,044,508</u>	<u>\$ 320,995</u>

General Obligation Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and projects. General obligation bonds have been issued for governmental activities. These bonds are direct obligations and pledge the full faith and credit of the District.

Details of the District's June 30, 2008 general obligation bonded indebtedness are as follows:

Year Ending June 30	Bond Issue of June 1, 1999		
	Interest Rate	Principal	Interest
2009	4.90%	\$ 155,000	\$ 98,408
2010	4.30%	160,000	90,813
2011	4.30%	170,000	83,933
2012	4.40%	180,000	76,623
2013	4.40%	185,000	68,703
2014-2018	4.50-4.75%	1,060,000	210,380
2019	4.75%	245,000	11,639
Total		<u>\$ 2,155,000</u>	<u>\$ 640,499</u>

BOYDEN-HULL COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2008

NOTE 7 – LONG-TERM LIABILITIES – (CONTINUED)

Revenue Bonds

The local option sales and services tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District.

The resolution providing for the issuance of the local option sales and services tax revenue bonds includes the following provisions:

1. The proceeds from the issuance of the revenue bonds shall be deposited to the Project Account.
2. All proceeds from the local option sales and services tax shall be placed in a Revenue Account.
3. Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements each month of the fiscal year. The Sinking Account is shown as a restricted asset in the Capital Project LOST fund.
4. Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

The District was in compliance with all of the provisions during the year ended June 30, 2008.

Details of the District's June 30, 2008 local option sales and services tax revenue bonded indebtedness are as follows:

Bond Issue of April 25, 2007			
Year Ending June 30	Interest Rate	Principal	Interest
2009	4.75%	\$ 142,857	\$ 37,321
2010	4.75%	142,857	30,536
2011	4.75%	142,857	23,750
2012	4.75%	142,857	16,964
2013	4.75%	142,857	10,179
2014	4.75%	142,858	3,393
Total		<u>\$ 857,143</u>	<u>\$ 122,143</u>

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five. Employees must complete an application, which is required, to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to the number of years of service multiplied by 2.25% times the employee's final salary and subject to a maximum of \$26,100 per individual. Early retirement benefits paid during the year ended June 30, 2008, totaled \$93,759. The cost of early retirement payments liquidated within 60 days is recorded as a liability of the Special Revenue – Management Levy Fund in the fund financial statements. The non-current portion of the retirement is recorded in the government-wide financial statements. There are currently three individuals in the plan, with the last payment due in FY 2011. The recorded liability on the District financials is shown at present values and not discounted present values.

BOYDEN-HULL COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2008

NOTE 8 – PENSION AND RETIREMENT BENEFITS

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits that are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.90% of their annual covered salary and the District is required to contribute 6.05% of annual covered payroll for the year ended June 30, 2008. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2008, 2007, and 2006 were \$202,636, \$181,441, and \$165,997 respectively, equal to the required contributions for each year.

NOTE 9 – RISK MANAGEMENT

Boyden-Hull Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 10 – AREA EDUCATION AGENCY

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$240,409 for the year ended June 30, 2008 and is recorded in the General Fund.

NOTE 11 – PRIOR PERIOD ADJUSTMENTS

For the year ended June 30, 2007, a certificate of deposit in the amount of \$12,007 owned by the Special Revenue – Foundation Fund had not been included in the financial statements. The error has been corrected and has had the following effect on the beginning fund balance:

	Foundation Fund
Beginning Fund Balance, As Previously Reported	\$ 162,448
Prior Period Adjustment	12,007
Beginning Fund Balance, As Correct	<u>\$ 174,455</u>

In prior financial statements, items below the District's capitalization policy were recorded on the government-wide statement of net assets as fixed assets. In an effort to maintain accurate records these items were removed. This caused a decrease in beginning net assets of \$23,832.

Also in the government-wide financial statements for the year ended June 30, 2007, an error was made in recording additional amounts as prepaid insurance. The error has been corrected. This caused a decrease in beginning net assets of \$67,540.

BOYDEN-HULL COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2008

NOTE 11 – PRIOR PERIOD ADJUSTMENT (CONTINUED)

The net effect of these items on governmental government-wide beginning net assets is as follows:

	Governmental Net Assets
Beginning Net Assets, As Previously Reported	\$ 3,326,268
Prior Period Adjustments	<u>(79,365)</u>
Beginning Net Assets, As Corrected	<u>\$ 3,246,903</u>

BOYDEN-HULL COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Governmental	Proprietary	Total	Final Budget
	Original	Amended	Funds	Fund	Actual	to Actual
			Actual	Actual		Variance
REVENUE:						
Local Sources:						
Local Tax	\$ 2,109,229	\$ 2,109,229	\$ 2,412,950	\$ -	\$ 2,412,950	\$ 303,721
Tuition	315,000	315,000	294,823	-	294,823	(20,177)
Other	793,845	793,845	374,147	166,109	540,256	(253,589)
Intermediate Sources	23,000	23,000	10,751	-	10,751	(12,249)
State Sources	3,225,341	3,225,341	3,151,642	3,813	3,155,455	(69,886)
Federal Sources	412,075	412,075	219,844	113,556	333,400	(78,675)
Total Revenue	6,878,490	6,878,490	6,464,157	283,478	6,747,635	(130,855)
EXPENDITURES:						
Current:						
Instruction	4,648,615	4,648,615	4,122,527	-	4,122,527	526,088
Support Services	1,773,000	1,773,000	1,561,487	-	1,561,487	211,513
Non-instructional Programs	300,000	300,000	12,955	276,367	289,322	10,678
Other Expenditures	2,391,259	2,391,259	1,518,346	-	1,518,346	872,913
Total Expenditures	9,112,874	9,112,874	7,215,315	276,367	7,491,682	1,621,192
Excess (Deficiency) of Revenues Over Expenditures	(2,234,384)	(2,234,384)	(751,158)	7,111	(744,047)	1,490,337
Other Financing Sources (Uses):						
Transfers In	341,901	341,901	430,077	-	430,077	88,176
Transfers Out	(341,901)	(341,901)	(430,077)	-	(430,077)	(88,176)
Issuance of Long-Term Debt	1,000,000	1,000,000	-	-	-	(1,000,000)
Sale of Capital Assets	200	200	-	-	-	(200)
Total Other Financing Sources (Uses)	1,000,200	1,000,200	-	-	-	(1,000,200)
Net Change in Fund Balances	(1,234,184)	(1,234,184)	(751,158)	7,111	(744,047)	490,137
Fund Balances - Beginning of Year, As Restated	1,489,447	1,489,447	2,090,258	10,814	2,101,072	611,625
Fund Balances - End of Year	\$ 255,263	\$ 255,263	\$ 1,339,100	\$ 17,925	\$ 1,357,025	\$ 1,101,762

BOYDEN-HULL COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2008

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except the internal service fund, the district foundation, a blended component unit and the agency fund. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year ended June 30, 2008, the District had no budget amendments.

During the year ended June 30, 2008, expenditures did not exceed the amount budgeted in any of the Districts four functions.

BOYDEN-HULL COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

Schedule 1

REVENUES:

Local Sources:

Local Tax:

Property Tax	\$ 1,431,848
Mobile Home Tax	1,789
Utility Tax Replacement Excise Tax	43,827
Surtax	84,076
	<u>1,561,540</u>

Other Local Sources:

Interest on Investments	26,082
Services to other LEA's	33,599
Tuition from Other Districts	294,823
Student Fees	28,934
Rent	11,793
Miscellaneous	23,197
	<u>418,428</u>
	<u>1,979,968</u>

State Sources:

State Foundation Aid	2,516,120
Instructional Support State Aid	14,616
Beginning Teacher Mentoring Program	6,500
Educational Excellence Program:	
Phase I	23,079
Phase II	49,081
Non-Public Transportation Aid	46,179
Non-Public Textbook and Technology Aid	9,229
Improving Teacher Quality	201,853
Vocational Education Aid	5,084
Revenue in lieu of taxes - military credit	942
AEA Flow-Through	240,409
Iowa Early Intervention Block Grant	38,181
	<u>3,151,273</u>

Federal Sources:

Title I Grants to Local Educational Agencies	70,943
Safe and Drug-Free Schools and Communities-States Grants	3,342
Rural School Achievement Program	27,521
Vocational Education - Basic Grants to States	6,282
Special Education - Grants to States	44,321
Title II Improving Teacher Quality State Grants	26,228
Title VI Grants for Assessments and Related Activities	4,256
Medicaid	35,478
Other	1,473
	<u>219,844</u>

Total Revenue

\$ 5,351,085

Continued

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008**

Schedule 1 (Continued)

EXPENDITURES:

Instruction:

Regular Instruction:

Salaries	\$ 1,750,707
Benefits	436,506
Services	158,933
Supplies	99,776
Property	4,595
	<u>2,450,517</u>

Special Education Instruction:

Salaries	521,383
Benefits	154,362
Services	245,380
Supplies	6,150
Property	4,787
	<u>932,062</u>

Vocational Instruction:

Salaries	201,459
Benefits	45,653
Supplies	3,982
Property	7,659
	<u>258,753</u>

Co-curricular Instruction:

Salaries	90,545
Benefits	12,703
Services	19,170
	<u>122,418</u>

Nonpublic Instruction:

Supplies	9,229
	<u>9,229</u>

Total Instruction

3,772,979

Support Services:

Student Services:

Guidance Services:

Salaries	79,138
Benefits	20,320
Services	885
Supplies	1,725
	<u>\$ 102,068</u>

Continued

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008**

Schedule 1 (Continued)

Support Services (Continued):

Student Services (Continued):

Health Services:

Salaries	\$ 14,954
Benefits	9,248
Supplies	556
	<u>24,758</u>

Total Student Services

126,826

Support Services:

Instructional Staff Services:

Educational Media Services:

Salaries	27,894
Benefits	10,147
Supplies	5,710
	<u>43,751</u>

Total Instructional Staff Services

43,751

Support Services:

Administration Services:

Executive Administration:

Salaries	122,354
Benefits	32,415
Services	5,964
Supplies	1,116
Property	70
Other	2,860
	<u>164,779</u>

School Administration:

Salaries	208,190
Benefits	49,043
Services	2,237
Supplies	2,873
Property	221
Other	2,015
	<u>\$ 264,579</u>

Continued

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008**

Schedule 1 (Continued)

Support Services (Continued):

Administration Services (Continued):

Business Administration:

Salaries	\$ 43,703
Benefits	5,784
Services	8,277
Supplies	1,422
Property	169
Other	397
	<u>59,752</u>

Board of Education:

Services	21,834
Supplies	1,949
Property	287
Other	4,227
	<u>28,297</u>

Total Administration Services:

517,407

Support Services:

Operation and Maintenance:

Plant Operation and Maintenance:

Salaries	133,356
Benefits	24,274
Services	42,297
Supplies	159,370
Property	359
Other	110
	<u>359,766</u>

Other Support Services:

Salaries	51,569
Benefits	13,664
Services	9,942
Supplies	15,604
Property	4,772
	<u>95,551</u>

Total Operation and Maintenance:

\$ 455,317

Continued

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008**

Schedule 1 (Continued)

Support Services:	
Student Transportation:	
Salaries	\$ 97,090
Benefits	13,873
Services	73,558
Supplies	79,389
Property	4,084
Other	2,075
	<u>270,069</u>
Total Transportation Services:	<u>270,069</u>
Total Support Services	<u>1,413,370</u>
Non-instructional Programs:	
Community Services:	
Salaries	7,909
Benefits	931
Supplies	4,115
	<u>12,955</u>
Total Transportation Services:	<u>12,955</u>
Other Expenditures:	
AEA Flow-Through	<u>240,409</u>
Total Expenditures	<u>5,439,713</u>
(Deficiency) of Revenues Over Expenditures	<u>(88,628)</u>
Fund Balance - Beginning of Year	<u>408,440</u>
Fund Balance - End of Year	<u>\$ 319,812</u>

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
GOVERNMENTAL NONMAJOR FUNDS
JUNE 30, 2008**

	Special Revenue Funds		
	Physical Plant & Equipment Levy	Management Levy	Student Activity
ASSETS			
Cash and Pooled Investments	\$ 164,080	\$ 24,972	\$ 15
Investments	-	-	49,351
Receivables:			
Property Tax	918	1,265	-
Succeeding Year Property Tax	103,593	105,000	-
Accounts	-	-	106
Due from Other Funds	10,471	-	-
Total Assets	279,062	131,237	49,472
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	382	-	6,545
Due to Other Funds	7,794	-	-
Early Retirement Payable	-	961	-
Deferred Revenue - Succeeding Year			
Property Taxes	103,593	105,000	-
Total Liabilities	111,769	105,961	6,545
Fund Balances:			
Unreserved for:			
Special Revenue Fund	167,293	25,276	42,927
Total Fund Balances	167,293	25,276	42,927
Total Liabilities and Equity	\$ 279,062	\$ 131,237	\$ 49,472

Schedule 2

Special Revenue Funds

Foundation	Gift & Trust	Total
\$ 165,217	\$ 4,930	\$ 359,214
-	-	49,351
-	-	2,183
-	-	208,593
-	-	106
-	-	10,471
165,217	4,930	629,918
-	-	6,927
-	-	7,794
-	-	961
-	-	208,593
-	-	224,275
165,217	4,930	405,643
165,217	4,930	405,643
\$ 165,217	\$ 4,930	\$ 629,918

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL NONMAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	Special Revenue Funds		
	Physical Plant & Equipment Levy	Management Levy	Student Activity
REVENUE:			
Local Sources:			
Local Tax	\$ 157,143	\$ 120,108	\$ -
Other	9,886	9,993	146,291
State Sources	65	77	-
Total Revenue	167,094	130,178	146,291
EXPENDITURES:			
Current:			
Instruction:			
Regular Instruction	100,617	89,453	-
Other Instruction	-	-	159,478
Support Services:			
Instructional Staff Services	-	4,306	-
Administration Services	11,908	53,879	-
Operation and Maintenance	19,769	17,111	-
Transportation Services	26,179	11,112	-
Other Expenditures:			
Facilities Acquisition and Construction	152,120	-	-
Total Expenditures	310,593	175,861	159,478
Excess(Deficiency) of Revenues Over Expenditures	(143,499)	(45,683)	(13,187)
Other Financing Sources (Uses):			
Transfers In	150,000	-	-
Transfers Out	-	-	(732)
Total Other Financing Sources (Uses)	150,000	-	(732)
Net Change in Fund Balances	6,501	(45,683)	(13,919)
Fund Balances - Beginning of Year	160,792	70,959	56,846
Prior Period Adjustment	-	-	-
Fund Balances - Beginning of Year, Restated	160,792	70,959	56,846
Fund Balances - End of Year	\$ 167,293	\$ 25,276	\$ 42,927

Schedule 3

Special Revenue Funds

Foundation	Gift & Trust	Total
\$ -	\$ -	\$ 277,251
61,162	5,061	232,393
-	-	142
61,162	5,061	509,786
-	-	190,070
-	-	159,478
-	-	4,306
325	3,528	69,640
-	-	36,880
-	-	37,291
70,075	-	222,195
70,400	3,528	719,860
(9,238)	1,533	(210,074)
-	732	150,732
-	-	(732)
-	732	150,000
(9,238)	2,265	(60,074)
162,448	2,665	453,710
12,007	-	12,007
174,455	2,665	465,717
\$ 165,217	\$ 4,930	\$ 405,643

BOYDEN-HULL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2008

	Balance June 30, 2007	Revenues	Expenditures	Operating Transfers	Schedule 4 Balance June 30, 2008
Athletic General	\$ -	\$ 13,446	\$ 2,597	\$ (10,849)	\$ -
Band	569	465	1,349	784	469
Band Uniform Maintenance	334	480	468	-	346
Baseball	-	-	3,364	3,364	-
Boys Basketball	-	21,240	20,026	(1,213)	1
Boys Track	-	145	2,669	2,524	-
Cheerleaders	2,491	2,349	3,730	(921)	189
Choir Robes	1,199	385	923	-	661
Class of 2008	3,946	-	3,214	(732)	-
Class of 2009	2,741	10,444	9,591	-	3,594
Class of 2010	1,360	1,100	-	-	2,460
Class of 2011	-	1,015	-	-	1,015
Cross Country	-	-	351	351	-
Elementary Band	-	98	135	37	-
Elementary Student Council	4,399	15,585	14,582	-	5,402
Elementary Student Miscellaneous	83	181	171	-	93
Family Career Community Leader of America	1,812	2,076	2,383	-	1,505
Football	-	3,867	8,400	4,533	-
Future Farmers of America	6,322	6,182	8,773	-	3,731
General Miscellaneous	-	76	1,026	950	-
Girls Basketball	-	8,196	6,747	(1,449)	-
Girls Track	-	643	5,278	4,635	-
Golf	-	-	1,649	1,649	-
High School Student Council	3,085	7,516	6,411	-	4,190
Interest	6,523	1,995	-	(8,518)	-
Junior High Band	-	294	136	(38)	120
Junior High Student Council	167	-	30	-	137
Magazine Sales	-	3,958	3,958	-	-
Musical	-	2,805	1,477	(1,328)	-
National Honor Society	29	35	-	-	64
Pep Bus/Students	4	68	68	-	4
Pep Club	3,891	3,759	3,520	(4,000)	130
Quiz Bowl	981	540	245	-	1,276
Recycling	3,816	6,266	5,314	-	4,768
Resale Elementary Band	54	530	546	-	38
Resale High School Band	182	453	408	-	227
Resale Industrial Arts	188	1,494	1,427	-	255
Resale Marketing	4,476	2,007	4,422	-	2,061
School Play	-	1,198	543	(509)	146
Sixth Grade Trip	4,526	6,754	6,229	-	5,051
Softball	-	326	874	548	-
Spanish Club	1,169	-	-	-	1,169
Speech	-	301	810	509	-
Vocal	569	901	1,545	544	469
Volleyball	-	2,974	4,826	1,852	-
Wrestling	-	-	6,545	6,545	-
Yearbook	1,930	14,144	12,718	-	3,356
Total	\$ 56,846	\$ 146,291	\$ 159,478	\$ (732)	\$ 42,927

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
JUNE 30, 2008**

Schedule 5

	Employee Pop Account	Employee Flex Account	Total
ASSETS			
Cash and Pooled Investments	\$ 4,821	\$ 9,987	\$ 14,808
Accounts Receivable	-	6,469	6,469
Total Assets	<u>4,821</u>	<u>16,456</u>	<u>21,277</u>
LIABILITIES			
Due to Others	4,821	16,456	21,277
Total Liabilities	<u>\$ 4,821</u>	<u>\$ 16,456</u>	<u>\$ 21,277</u>

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

				Schedule 6
	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
Employee Pop Account				
Assets				
Cash and Pooled Investments	\$ 4,558	\$ 2,644	\$ 2,381	\$ 4,821
Total Assets	<u>4,558</u>	<u>2,644</u>	<u>2,381</u>	<u>4,821</u>
Liabilities				
Due to Others	4,558	2,381	2,644	4,821
Total Liabilities	<u>4,558</u>	<u>2,381</u>	<u>2,644</u>	<u>4,821</u>
Employee Flex Account				
Assets				
Cash and Pooled Investments	21,642	77,229	88,884	9,987
Accounts Receivable	-	6,469	-	6,469
Total Assets	<u>21,642</u>	<u>77,229</u>	<u>88,884</u>	<u>16,456</u>
Liabilities				
Due to Others	21,642	82,415	77,229	16,456
Total Liabilities	<u>21,642</u>	<u>82,415</u>	<u>77,229</u>	<u>16,456</u>
Total				
Assets				
Cash and Pooled Investments	26,200	79,873	91,265	14,808
Accounts Receivable	-	6,469	-	6,469
Total Assets	<u>26,200</u>	<u>79,873</u>	<u>91,265</u>	<u>21,277</u>
Liabilities				
Due to Others	26,200	84,796	79,873	21,277
Total Liabilities	<u>\$ 26,200</u>	<u>\$ 84,796</u>	<u>\$ 79,873</u>	<u>\$ 21,277</u>

BOYDEN-HULL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE YEARS ENDED JUNE 30, 2008, 2007, 2006, 2005

Schedule 7

	Modified Accrual Basis of Accounting			
	2008	2007	2006	2005
Revenues:				
Local Sources:				
Local Tax	\$ 2,412,950	\$ 2,403,753	\$ 2,293,349	\$ 2,298,543
Tuition	294,823	264,514	294,581	251,351
Other	374,147	389,169	306,137	247,944
Intermediate Sources	10,751	24,494	18,845	-
State Sources	3,151,642	2,695,903	2,903,503	2,685,069
Federal Sources	219,844	264,126	292,622	270,810
Total	<u>6,464,157</u>	<u>6,041,959</u>	<u>6,109,037</u>	<u>5,753,717</u>
Expenditures:				
Instruction:				
Regular	2,640,587	2,383,420	2,428,834	2,314,176
Special	932,062	882,231	769,968	804,400
Other	549,878	488,860	457,653	336,175
Support Services:				
Student	126,826	118,532	115,089	64,445
Instructional Staff	48,057	46,867	181,236	108,945
Administration	587,047	557,025	606,243	526,226
Operation and maintenance of plant	492,197	514,328	339,590	344,973
Transportation	307,360	387,423	206,688	229,499
Non-instructional programs	12,955	24,494	18,502	29,768
Other Expenditures:				
Facilities Acquisition	834,261	677,874	166,595	67,055
Long-term debt:				
Principal	287,857	140,000	135,000	125,000
Interest and other charges	155,819	113,058	119,809	126,058
AEA Flowthrough	240,409	233,110	227,179	210,741
Total	<u>\$ 7,215,315</u>	<u>\$ 6,567,222</u>	<u>\$ 5,772,386</u>	<u>\$ 5,287,461</u>

BOYDEN-HULL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2008

Schedule 8

Part I: Summary of the Independent Auditor's Results

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any non-compliance, which is material to the financial statements.

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

II-A-08 Financial Accounting – Segregation of Duties

Comment – One important aspect of internal control is the segregation of duties among employees to prevent an individual from handling duties, which are incompatible. Incompatible duties, for accounting control purposes, are those duties that place a person in a position where they could both perpetuate and conceal errors or fraud. In performing our audit, we noted that one person has primary responsibility for many accounting and financial duties of the District.

Recommendations – The size of the District's accounting and administrative staff precludes certain internal controls that would be preferred if the staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Education and Superintendent remain actively involved in the financial affairs of the District to provide oversight and review functions. In addition, the District should periodically review the operating procedures and make changes as necessary to obtain the maximum internal control under the circumstances.

Response – District administration understands the nature of the weakness and the necessity for the Board and Superintendent to provide oversight and review functions. We will continue to review procedures of the District and make changes as deemed necessary and practical.

Conclusion – Response accepted.

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2008**

Schedule 8

Part II: Findings Related to the Financial Statements:

II-B-08 Financial Reporting

Comment – During the audit, we identified material amounts of payables and capital asset additions not recorded in the District's financial statements. Adjustments were also identified for reclassifications and corrections. All adjustments were subsequently made by the District to properly include those amounts in the financial statements.

Recommendation – The District should implement procedures to ensure all payables and capital asset additions are identified and included in the District's financial statements, and that the financial statements are properly classified and fairly stated.

Response – We will double check these in the future to avoid missing any payables or capital asset transactions, as well as misclassifications or reporting errors.

Conclusion – Response accepted.

Part III: Other Findings Related to Statutory Reporting:

- | | |
|----------|--|
| III-A-08 | <u>Certified Budget</u> – Expenditures for the year ended June 30, 2008 did not exceed the amounts budgeted in any of the District's four functions. |
| III-B-08 | <u>Questionable Disbursements</u> – No disbursements were noted that they may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979. |
| III-C-08 | <u>Travel Expense</u> – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted. |
| III-D-08 | <u>Business Transactions</u> – No business transactions between the District and District Officials or employees were noted. |
| III-E-08 | <u>Bond Coverage</u> – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations. |
| III-F-08 | <u>Board Minutes</u> – No transactions requiring Board approval which had not been approved by the Board were noted. |
| III-G-08 | <u>Certified Enrollment</u> – No variances in the basic enrollment data certified to the Department of Education were noted. |
| III-H-08 | <u>Deposits and Investments</u> – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted. |

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2008**

Schedule 8 (Continued)

Part III: Other Findings Related to Statutory Reporting:

- III-I-08 Certified Annual Report – The Certified Annual Report was not filed with the Department of Education until December 22, 2008, beyond the due date established by the Department of Education. It was noted that management was working closely with the Department to resolve filing issues. It was also found activity for the Special Revenue – Foundation Fund had not been included in the submission. The rest of the information contained in the report appeared to be materially correct, with the exception of one adjusting journal entry which was posted to the District's ledger twice in error. The entry was a transfer from the Capital Projects LOST Fund to the Debt Service Fund. The result was an overstatement of Debt Service Assets and understatement of Capital Projects LOST assets on the Certified Annual Report.
- Recommendation – The District should include activity for all funds in the Certified Annual Report, and verify all financial information prior to the specified submission deadline.
- Response – The District will verify the activity and funds prior to filing the Certified Annual Report, and take steps to ensure all information is accurate and filed timely.
- Conclusion – Response accepted.
- III-J-08 Deficit Balances – There were no deficit fund balances at June 30, 2008.
- III-K-08 Revenue Bonds – The required monthly transfers from the Revenue Account to the Sinking Account were made by the District.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON
AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Education of the
Boyden-Hull Community School District

We have audited the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of BOYDEN-HULL COMMUNITY SCHOOL DISTRICT as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents, and have issued our report thereon dated January 30, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting:

In planning and performing our audit, we considered Boyden-Hull Community District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Boyden-Hull Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Boyden-Hull Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Boyden-Hull Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of the Boyden-Hull Community School District's financial statements that is more than inconsequential will not be prevented or detected by the Boyden-Hull Community School District's internal control. We consider the deficiencies in internal control described in the accompanying Schedule of Findings as items II-A-08 and II-B-08 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the Boyden-Hull Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies

that are also considered to be material weaknesses. However, we believe the significant deficiencies described above are material weaknesses.

Compliance:

As part of obtaining reasonable assurance about whether the Boyden-Hull Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have all been resolved.

The Boyden-Hull Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit the Boyden-Hull Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the board of education, management, employees and citizens of Boyden-Hull Community School District and other parties to whom the Boyden-Hull Community School District may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Boyden-Hull Community School District during the course of our audit. If you have any questions concerning any of the above matters, we would be pleased to discuss them with you at your convenience.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
January 30, 2009